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SCHWEGMAN, LUNDBERG & WOESSNER/EBAY
P.O. BOX 2938
MINNEAPOLIS, MN 55402

EXAMINER	
LE, KHANH H	

ART UNIT	PAPER NUMBER
3688	

NOTIFICATION DATE	DELIVERY MODE
03/18/2010	ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

USPTO@SLWIP.COM
request@slwip.com

Office Action Summary	Application No.	Applicant(s)	
	10/772,530	TIEN ET AL.	
	Examiner	Art Unit	
	KHANH H. LE	3688	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE *3* MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *11/19/09*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-22* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-22* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☒ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

DETAILED ACTION

1. This Office Action is responsive to the correspondence filed 11/19/2009.

Claims 1-22 were and remain pending. Claim 1 is amended. Claims 1, 11, 21, 22 are independent.

Specification

2. **The amendment to the specification has not been entered** because for [0076], "box 186" should be underlined. The previous objection to paragraph [0087] (Figure 18 should be changed to Figure16) is thus maintained. Appropriate correction is required.

Claim Rejections - 35 USC § 101

3. Rejections of method claims 1-10 under 35 U.S.C. 101 are withdrawn following proper amendment. The step of awarding a payout to the first party based on the payment to the account for the second party (and on the bonus program that is associated with the account), core of the invention, now recites automatically awarding "*by one or more computer*" the payout, thus makes the claim statutory.

Note as to claim 11(system): The claim is considered statutory because a machine is considered including at least a processor and hardware as shown in Figures 2 and 16 and per specification at paragraphs [0016] and [0026]. Also paragraph [0087] states *"..the **machine** operate as a standalone device...The **machine** may be a personal computer (PC), a tablet PC, a set-top box (STB), a Personal Digital Assistant (PDA), a cellular telephone, a web appliance, a network router, switch or bridge, or any **machine** capable of executing a set of instructions..."*

Response to Arguments

4. A priori the Examiner notes that she made a typographical error in the statement of rejection in the last OFFICE ACTION of August 05, 2009.

OFFICE ACTION of August 05, 2009 at p. 8 stated:

"9. Claims 1-22 are rejected under 35 U.S.C. 103(a) as being unpatentable over Perri, US 2001/0020231 in view of Nosek US 7191151 and Rowe, US 20020151359.

As Warren was used in OFFICE ACTION of August 05, 2009 at pages 11-13, the rejection should have been:

"9. Claims 1-22 are rejected under 35 U.S.C. 103(a) as being unpatentable over Perri, US 2001/0020231 in view of Nosek US 7191151 and Rowe, US 20020151359 and further in view of Warren US 2003/0101131."

Warren US 2003/0101131 was also used in the Office Action of 02/26/09 at page 7 for the same teaching and reason to combine as set forth in OFFICE ACTION of August 05, 2009 at page 11.

The Examiner thanks Applicant for acknowledging that four references including Warren US 2003/101131 were used (Response filed 11/19/2009, p.9).

5. Applicant's arguments filed 11/19/2009 have been fully considered but they are not persuasive.

In response to applicant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5

USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992).

In response to applicant's argument that the examiner has combined an excessive number of references, reliance on a large number of references in a rejection does not, without more, weigh against the obviousness of the claimed invention. See *In re Gorman*, 933 F.2d 982, 18 USPQ2d 1885 (Fed. Cir. 1991).

Here, Applicant argues "modifying the compensation method of Perri as described by Rowe renders Rowe inoperable for its intended purpose because the rewards program of Perri is based on the activity of another person while the casino player activity scheme of Rowe is based on the activity of the same person. This is unpersuasive because the Rowe teaching used is just the incentives scheme ("an initial hurdle", i.e. a minimum activity required), which can be applied to any business situation, and has nothing to do with the control of the persons involved. Further see the KSR reasoning. Last Office Action, p. 11, also set forth below.

Applicant also argues the prior art does not disclose "automatically awarding by a computer a payout to the first party based on the payment received by the account for the second party" contrasting that in Perri, funds are received from the referred purchaser and in Rowe, funds are received from the player (emphasis added by Applicant). It is further argued "the Examiner is changing the respective functions of the references by combining three buyer-based rewards systems with the seller-side payment service of Nosek".

The Examiner sees no conflict among the references. The Perri's purchaser pays a merchant, thereby increasing the merchants revenues. The award to the referrer is based thereon. Similarly a payment service (e.g. Paypal disclosed by e.g. Nosek) makes money (transaction fees, usually paid customers-merchants (see Nosek , col. 2 lines 15-22). Thus payment services such as Paypal would want merchants to set up Paypal accounts, because every time their accounts are paid, Paypal makes money. Thus Paypal would award referrers of its service, just as done in Perri. Perri teaches automatically awarding the referrer for specified activities of the

2nd party (see abstract, [0072], [0077]-[0079]). Paypal is an automated transfer of funds between the parties, i.e. Paypal is paid automatically when merchants accounts are credited. There is no conflict combining Nosek (Paypal) to Perri: if the second parties in Nosek are the customers-merchants, when their accounts are paid into, Paypal is automatically paid, and there is no reason why in view of Perri, the referrers to Paypal cannot be paid automatically (upon payments into the merchants accounts since Paypal is also paid automatically). Rowe, on the other hand is only used to teach levels of rewards based on performance levels. Thus there is no conflict either.

Claim Rejections - 35 USC § 103

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

7. Claims 1-22 are rejected under 35 U.S.C. 103(a) as being unpatentable over Perri, US 2001/0020231 in view of Nosek US 7,191,151 and Rowe, US 2002/0151359 and further in view of Warren US 2003/0101131.

Claims 1-3, 8, 11-13, 18, 21, 22:

Perri US 2001/0020231 discloses computer assisted multi-level marketing compensation method wherein a message is sent from a first party to a second party, wherein the message includes a link to a processor (at which second party can sign up for a service) and the link has

the first party identifier **so the first party can be automatically compensated** for specified activities of the 2nd party (see abstract, [0072], [0077]-[0079]). The referral message can be an email with links or a link on an ad banner posted on the website of a referring party (Figure 11, [0077]). Perri discloses the compensation of 1st party is for the 2nd party signing up to open an account (which can be an affiliate account, a shopping account or other service account, see [0079]).

Perri discloses the compensation of 1st party is for the 2nd party signing up to open a account (which can be an affiliate account, a shopping account or other service account, see [0079]) but Perri does not specifically disclose the compensation of 1st party is for the 2nd party signing up to open a payment account.

Claim interpretation:

It is interpreted a payment service is a service which enables buyers and sellers to make and receive payment for transacted merchandise. (Specification at [0002]), such as PayPal (Specification at [0023]).

As stated above commissions for referring a 2nd party to open an account is taught by Perri. The account could be a shopping account **or other service account,** see Perri, [0079]). Activities associated the account earns rewards for the referrer (Perri).

Payment service systems are known before invention time, e.g. Nosek US 7191151 assigned to Paypal discloses such service (see Nosek, abstract).

As stated earlier, any business, payment service businesses need to attract clients, in this case merchants. Thus it would have been obvious to one having ordinary skill in the art at the time of the invention (herein a "PHOSITA") to add the incentives given to referrers of any

service, as taught by Perri, to payment service systems such as Nosek, so to incent referrers to make referrals of merchants to sign up for the payment service.

Also, "[w]hen a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability. For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill." *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007) at 417 (emphasis added).

The last sentence describes our case. There was, the Court continued, no need for the district court to "seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ." Id."

Here a method of compensation for referring clients to a service is taught by Perri. Market forces clearly show that on line payment services, as all businesses, need clients (merchants). As reasoned in KSR, if a technique (here commissions for referrals) has been used to improve a device or process (signing up for a service, as taught in Perri), and a person of ordinary skill in the art would recognize that it would improve similar devices or processes (here a payment service) in the same way, using the technique is obvious unless its actual application is beyond his or her skill." Here simple common sense dictates that the results would be predictable, i.e. that the referrers would be incented to refer the payment service to merchants.

(As stated above, contrary to argument, the Examiner sees no conflict among the references. The Perri's purchaser pays a merchant, thereby increasing the merchants revenues. The award to the referrer is based thereon. Similarly a payment service (e.g. Paypal disclosed by e.g. Nosek) makes money (transaction fees, usually paid customers-merchants (see Nosek , col. 2 lines 15-22). Thus payment services such as Paypal would want merchants to set up Paypal

accounts, because every time their accounts are paid, Paypal makes money. Thus Paypal would award referrers of its service, just as done in Perri. Perri teaches automatically awarding the referrer for specified activities of the 2nd party (see abstract, [0072], [0077]-[0079]). Paypal is an automated transfer of funds between the parties, i.e. Paypal is paid automatically when merchants accounts are credited. There is no conflict combining Nosek (Paypal) to Perri: if the second parties in Nosek are the customers- merchants, when their accounts are paid into, Paypal is automatically paid, and there is no reason why in view of Perri, the referrers to Paypal cannot be paid automatically (upon payments into the merchants accounts since Paypal is also paid automatically)).

Neither Perri nor Nosek teaches multi level rewards with initial hurdles and payouts, however Rowe, US 20020151359 in a casino player activity scheme, imposes requisites for qualifying for one or more awards. Players activities are tracked and player accounts reflect their activities (abstract). To be eligible for a particular prize a player has to have a certain level of points "(and thus associated play) which may be necessary to qualify for that prize."

(See [0039]:
"For example, in the event the casino employs a reward program where various prizes are awarded for levels of points (such as a first prize for a first minimum number of points, another prize for a higher minimum number of points, etc.), then information regarding the number of points necessary for particular plateaus or prizes may be detailed. In this manner, a player may determine their eligibility for a particular prize, or the level of additional points (and thus associated play) which may be necessary to qualify for that prize. "([0039]).

Thus requiring a minimum amount or level of transactions (such as player plays or points in a casino context) (i.e. an " initial hurdle") in order to give out a first prize (i.e. an " initial payout") corresponding to the minimum transaction level (" initial hurdle") is old and well-known, e.g. as taught by Rowe. **Thus it would have been obvious to one having ordinary skill in the art at the time of the invention (herein a "PHOSITA")** to add to Perri the differential levels of awards based on levels of performance as taught by Rowe, to allow encouraging

different levels of performance. In this case, it would also have been obvious to a PHOSITA to add to Perri, the first minimum awards ("initial payout") corresponding to first minimum level of performance (" initial hurdle") as taught by Rowe, to allow giving out the lowest level of reward upon achievement of a minimum performance. One reason for giving out such initial payouts is to set a threshold of performance and rewards, to show a link between performance and rewards, yet to encourage further performance with an initial reward.

As stated in KSR, applying the technique of Rowe in the a payment service referrals situation would have been obvious because a person of ordinary skill in the art would recognize that it would improve similar processes (here the payment service) in the same way. Here simple common sense dictates that the results would be predictable, i.e. that the referrers would be incented, just as the players in Rowe, to refer the payment service to merchants.

Perri, in view of Nosek , and Rowe do not disclose a particular bonus program associated with the payment account among plural bonus programs.

However, Warren US 2003/0101131 discloses a website for a potential reward recipients (e.g. account holder) to customize desired rewards features, such as criteria for earning rewards, methods of redeeming rewards, and types of compensation (abstract, [0004],[0047], [0065]). (For example, rewards could be hotel, travel or shopping points, such as United Airlines miles or Marriott points, or cash, or merchandise. Payout conditions may be based on specific performance. Methods of redeeming awards may include automatic redemption at a predetermined event, e.g., a number of points earned, or customer initiated redemption. See [0065]).

Thus it would have been obvious to a PHOSITA to add Warren's teaching of giving a choice of reward plans to the Perri, in view of Nosek, and Rowe system, and give such choice to the Perri's 1st party, to satisfy her.

It would further have been obvious in that case to associate the particular bonus program (for the benefit of the 1st party) with the account of the 2nd party so effect the rewards scheme, i.e. properly pay the 1st party according to her choice of rewards. It would also have been obvious to associate the 2nd party account identifier and the bonus program identifier to the 1st party identifier (which identifies to 1st party) so that the 1st party can be automatically paid upon the required performance of the 2nd party (as taught by Perri).

Thus Perri, in view of Nosek, Rowe and Warren, as above discussed, disclose:

A system, machine readable medium storing a set of instructions to execute a method to incentivize a first party to refer a payment service to a second party, the method including:

establishing an account for the second party, wherein the account is associated with one of a plurality of bonus programs (interpreted as bonus programs that the 1st party can sign up for) and wherein the account is further associated with the first party;

receiving a payment at a network-based payment machine and associating the payment to the account for the second party (Nosek: the second party being the merchant whose account is paid into and thereby earns Paypal fees, based on which the referrer earns his awards, see Response to arguments above)

wherein the first party is eligible to participate in a plurality of bonus programs (further in view of Warren).(Note: this is also limitation of claims 8 and 18); and

automatically awarding a payout to the first party based on the payment received by the account for the second party (Perri in view of Nosek) and on a plurality of payout conditions of the bonus program that is associated with the account, the plurality of payout conditions including an initial hurdle and an initial payout (further in view of Rowe and Warren);

wherein the establishing of the account further includes associating a first identifier with the first party (per Perri) and a second identifier with the bonus program (per Warren) wherein

the second identifier is utilized to identify the bonus program from the plurality of bonus programs (per Warren).

Claims 4 and 14:

Perri, in view of Nosek , Rowe and Warren disclose a method or system as in Claims 1 and 11 above and Perri discloses communicating the first identifier to the second party via the first party so the 1st party can be paid (i.e. reads on the first identifier is utilized by the second party to establish the account).

However Perri, in view of Nosek , Rowe and Warren do not specifically disclose communicating the second identifier (bonus program ID) to the second party via the first party, wherein the first identifier and the second identifier are utilized by the second party to establish the account.

However, as discussed above, Warren adds to Perri, in view of Nosek , and Rowe, satisfying the 1st party by giving her a choice of reward plans. In that case, it would have been obvious to a PHOSITA that the 2nd identifier for the bonus program also would have to be communicated to 2nd party by 1st party so the second party can submit both identifiers when opening his or her account, so 1st party could be appropriately rewarded under her chosen reward program.

Claims 5-6 and 15-16:

Perri, in view of Nosek, Rowe and Warren disclose a method or system as in Claims 1 and 11 above.

Warren further discloses configuring the plurality of bonus programs (programs), wherein each bonus program includes a plurality of payout conditions ([0065]) wherein the plurality of payout conditions is based on an at least one of an eligible volume, a payout rate, a payout period (Warren at [0065] discloses automatic redemption at a predetermined event which reads on for example an end of month thus a monthly payout period), and a maximum payout.

As discussed above, Warren was added to provide satisfaction to Perri's affiliate with rewards choices. Further addition of this known redemption method, as taught by Warren, to Perri, would only yield the predictable result of allowing redemption periodically thus would have been obvious at invention time.

Claims 7 and 17:

Perri, in view of Nosek, Rowe and Warren disclose a method or system as in Claims 1 and 11 above. The Perri combination as above discussed, further discloses wherein the payout includes at least one of an initial payout (when 2nd party opens an account, and the initial hurdle is met, the 1st party is paid the initial payout).

Claims 9 and 19:

Perri, in view of Nosek, Rowe and Warren disclose a method or system as in Claims 6 and 16 above. Perri further discloses wherein the plurality of bonus programs include an at least one of an unrestricted bonus program (Perri does not put restriction on who can join the affiliate rewards program thus reads on an unrestricted bonus program) and a restricted bonus program.

Claims 10 and 20:

Perri, in view of Nosek , Rowe and Warren disclose a method or system as in Claims 1 and 11 above.

Warren further discloses wherein the payout is tendered in at least one of a plurality of national currencies (this is obvious for Warren's cash reward payments at [0065]). As discussed above, Warren was added to provide satisfaction to Perri's affiliate with rewards choices. Further addition of this known redemption method, as taught by Warren, to Perri, would only yield the predictable result of allowing redemption in cash in the designated currency thus would have been obvious at invention time.

Conclusion

8. THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

9. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Khanh H. Le whose telephone number is 571-272-6721. The Examiner works a part-time schedule and can normally be reached on Monday-Wednesday 9:00-6:00. If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, LYNDA JASMIN can be reached on (571)272-6782. The fax phone numbers for the organization where this application or proceeding is assigned are 571-273-8300 for regular communications and for After Final communications. Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 571-272-3600. For patent related correspondence, hand carry deliveries must be made to the Customer Service Window (now located at the Randolph Building, 401 Dulany Street, Alexandria, VA 22314). Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Khanh H. Le/
Primary Examiner, Art Unit 3688